



City Councilmember  
**Carl DeMaio**

News Release

# City Still Swimming In Red Ink

*DeMaio: "Gimmicks aside, the annual budget deficit remains \$50 million, with \$304 million needed to restore service to 2003 levels."*

FOR IMMEDIATE RELEASE  
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SAN DIEGO – City Councilmember Carl DeMaio today released a fiscal assessment of the Mayor's proposed FY 2013 budget which reveals that instead of a truly balanced budget, the city will run an operating deficit of at least \$50 million. When accounting for lost services, the city is \$318 million short.

"Once again the city's budget is not really balanced this year – and we face at least a \$50 million shortfall. Taxpayers deserve a budget that is balanced for real," DeMaio noted.

"A decade ago city leaders balanced their budgets on paper by skipping pension payments; today city leaders are skipping payments for basic road repairs and maintenance," lamented DeMaio.

DeMaio's analysis reveals that the proposed budget simply ignores or intentionally underfunds a number of items, including:

- Basic maintenance of roads and infrastructure. Inadequate funding is budgeted to merely maintain streets at the current degraded conditions – not counting funds needed to actually improve conditions.
- No funding for the \$1 million "Internal Controls Audit" that was included in the notorious Kroll Report – leaving a key issue of financial management unresolved from the city's fiscal crisis.
- Impacts from the loss of the Redevelopment Agency – whereby millions in costs will shift back to the city's own operating budget.

"You cannot simply ignore basic expenses or financial obligations that the city will incur throughout the year," DeMaio noted.

While he is disappointed the current budget proposal is not truly balanced, DeMaio commends the Mayor and Council for taking action on a number of reforms to save taxpayers money.

"This Mayor deserves praise for achieving solid progress on many issues. However, as this analysis shows, we have much more work to do," DeMaio concluded. DeMaio has outlined millions of dollars in savings in his Roadmap to Recovery Plan – which can be found at [www.SanDiego.gov/cd5](http://www.SanDiego.gov/cd5).

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## Finding the "Red Ink" In the City's Budget

**-\$50 Million in FY13**

**-\$29 Million**

### Roads & Infrastructure

The budget fails to cover the required maintenance for roads and other city infrastructure. This practice is akin to the City skipping its pension payments a decade ago.

**-\$14.6 Million**

### Redevelopment Funds

The budget counts on repayment of debt and other costs that will likely revert to the City's General Fund.

**-\$5 – \$10 Million**

### Overtime, Audits, Plans

The budget fails to fund a variety of items such as overtime costs, community plan updates, internal controls, etc.

**TOTAL DEFICIT**

**-\$50 Million**

### PLUS: Service Level Restorations

To restore city services to basic levels of a decade ago, the city would face an additional budget deficit of **\$318 million** more this year alone.